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The Honorable Bob Casey, Chairman
Legislative Appropriations Subcommittee
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

In response to your July 11, 1974, requests and in accordance with subsequent agreements with your office, we evaluated the various positions in the Office of the Attending Physician (OAP), which are under the Architect of the Capitol, so that the Subcommittee might determine whether salary discrimination exists. We reviewed the financial and accounting controls, selected aspects of the pharmacy operations, and controls over the purchase and use of equipment. We considered various allegations which had been made concerning OAP's operations.

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We examined pertinent OAP records and held discussions with officials and staff.

ORIGIN OF THE OFFICE
OF THE ATTENDING PHYSICIAN

After the death of one Member and the removal of another from the floor of the House in very weak condition, the Committee on Naval Affairs introduced House Resolution 253 during the 70th Congress requesting the Secretary of the Navy to detail a Navy medical officer to the House during each session to provide emergency medical care. The resolution was agreed to on December 5, 1928, without objection. A similar resolution was passed by the Senate. On December 28, 1928, a Navy medical corps doctor was assigned from the naval dispensary to the House, thus establishing the Office of the Attending Physician.

OAP's primary duty is to serve the medical needs of the Congress by providing Members with an opportunity to participate in annual physical examinations; by prescribing and treating Members' medical ailments, within the limits of OAP by providing free medicine and inoculations; and by arranging for medical treatment and transportation to selected military hospitals. OAP also acts as the physician for the Pages and provides limited medical care and referral service for Members' families, certain officials of legislative branch offices, staff members, and Capitol Police. Emergency treatment is also provided to tourists.

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OAP coordinates medical coverage for joint sessions of Congress and assists in providing medical coverage for state funerals and inaugurations. OAP also provides former Members of Congress medical care commensurate with the resources available and provides medical training to the Capitol Police, Doorkeepers, and others

During fiscal year 1974, OAP recorded 12,089 visits by Members of Congress, including 238 physical examinations. There were 70,500 visits by patients other than Members.

OAP is staffed by the Attending Physician, who is a Navy rear admiral; two Navy medical officers; a technical assistant, who is a former Navy officer; five active duty Navy corpsmen; five former Navy corpsmen, four of whom are retired; and eight civilian registered nurses.

OAP's operations are financed by both Houses of Congress, the Architect of the Capitol, and the Department of the Navy. The Senate provides a car and driver for the use of the Attending Physician in carrying out his duties. The House pays for most medicine, medical supplies, and equipment; the salary of the technical assistant, and a monthly allowance to the Attending Physician, Navy doctors, and Navy corpsmen. The Attending Physician receives an allowance of \$1,000 per month, the senior Navy medical doctor \$600 per month, and the junior Navy medical doctor and five active duty Navy corpsmen \$200 per month. These allowances are in addition to pay and allowances received from the Navy.

The allowances were first authorized during the 71st Congress on July 1, 1930, by House Resolution 279, which provided for an allowance of not more than \$30 a month to be paid to the two assistants in OAP starting December 1, 1929. The allowance, as well as the number of people eligible for the allowance, has been increased over the years by various congressional actions. During fiscal year 1968 House appropriations hearings, the Attending Physician stated that the allowance paid to the Navy personnel is to compensate them for wearing civilian clothes, to compete with civilian living costs, and to pay for overtime work for which they are not otherwise compensated.

✓ The Architect of the Capitol pays the salaries of the nurses. The Department of the Navy pays salaries and allowances of the Navy personnel detailed to OAP and provides some medical equipment, an ambulance, a station wagon, a sedan, and a civilian driver.

EVALUATION OF NURSING POSITIONS IN
THE OFFICE OF THE ATTENDING PHYSICIAN

The Subcommittee Chairman asked us to evaluate the various nursing positions in OAP so that the Subcommittee might determine whether salary discrimination exists. The Attending Physician is authorized under 40 U.S.C. 166b-2 to determine the grade of each civilian employee.

We compared the duties performed to Civil Service Commission criteria. The comparison was not made to suggest the proper pay grades but to give the Subcommittee a basis for determining whether there was discrimination with reference to pay or work performed. Our findings were reported to the Chairman in a staff report on September 23, 1974.

As a result of conference action on House bill 16900, the Supplemental Appropriations Bill, 1975 (House Report 93-1503), the registered nurses' pay was increased one full grade. As the positions held by the unregistered nurses become vacant, they will be filled by registered nurses. This provision was agreed to in the House on December 4, 1974, and in the Senate on December 9, 1974.

ACCOUNTING AND FINANCIAL CONTROL

Several sources finance OAP's annual operations. The only sources which OAP has control over are (1) the appropriated funds which are disbursed by the House Finance Office and are used to pay for medicine, medical supplies, equipment, and expenses and (2) a petty cash fund which is used to purchase medicine locally for resale to Members' families and staffs at a little above cost. The proceeds from this account--called the drugstore account--are placed in the petty cash fund.

We found OAP's accounting procedures and cash controls inadequate. At the request of the Administrative Assistant

of OAP we designed and installed an accounting system to help insure proper cash control and accounting for appropriated funds. To improve controls, we also suggested establishing a revolving fund in the U.S. Treasury to be used in lieu of the current procedures.

The Attending Physician informed us that he agreed with us as to the need for a revolving fund and that appropriate action would be taken to provide for good internal control over cash collections.

Drugstore account

OAP, through arrangements with a local wholesale drug firm, purchases drugs for families of Members and staff personnel as a convenience to these individuals. The drugs are in turn resold for cash at unit cost rounded upward to the nearest nickel. OAP pays cash for the medicine twice monthly. For its services OAP receives a 2-percent cash discount for prompt payment. This, plus the funds from rounding upward to the nearest nickel, is the cash income to the drugstore account.

An analysis of the drugstore account records for fiscal year 1974 showed that OAP received about \$297 in cash discounts and about \$37 from rounding up unit costs. We also reviewed the drugstore account for the period July 1, 1974, to October 16, 1974 and found that:

- Not all sales were recorded.
- Some sales were made on credit.
- Receipts for purchased medicine were not provided, except that checks received in payment were marked to show that they were for medicine purchased.
- Not all of the medicine was sold in accordance with OAP's pricing policy.

After discussing these problems with the OAP's Administrative Assistant, cash control and proper accounting procedures were developed and implemented at his request.

We identified about \$3,000 in drugs sold off the shelf during fiscal year 1974 which were purchased with

appropriated funds. We are not aware of any authority for OAP to sell drugs purchased with appropriated funds. The proceeds, however, were put into the petty cash fund. OAP subsequently advised us that the sale of drugs purchased with appropriated funds has been curtailed; this is now done only when the Attending Physician authorizes it.

Petty cash fund

In addition to the funds received from the drugstore account, OAP receives fees for gamma globulin, polio, and the influenza annual immunization program. These vaccines are provided free to Members. The gamma globulin and polio are also provided free to staff members when traveling on official business. During fiscal year 1974, OAP received about \$2,000 in income from the vaccines. A schedule showing the cost, charges, and profit or loss per dose follows.

	<u>Charge</u>	<u>Cost</u> <u>(note a)</u>	<u>Profit</u> <u>or</u> <u>loss</u>
Gamma Globulin (note b)	\$5.00	\$0.83	\$4 17
Polio	1.00	.70	.30
Influenza	.50	.64	- 14

a/Includes the cost of medication and disposable syringe.

b/Dose varies from 2 cc. to 5 cc. Average dose is 2 cc.
Average dose used to compute cost.

During fiscal year 1974, OAP purchased the influenza vaccine with appropriated funds and the polio and gamma globulin vaccine with petty cash funds. Receipts from the sale of vaccines were placed in the petty cash fund.

There was no reasonable relationship between the cost of the vaccine and the charges made. The Attending Physician said that OAP tried to recover the total cost of the immunization program rather than breaking even on each individual type of vaccine. This policy resulted in inequitable charges to patients, and OAP made about \$370 in profit in fiscal year 1974. We believe OAP should reevaluate its current pricing structure and revise it appropriately.

The Administrative Assistant said that no accounting records for the petty cash fund were kept during fiscal year 1974. At his request, we developed and installed accounting and cash control for the petty cash fund.

Use of funds

We prepared a Schedule of Estimate Source and Application of the Petty Cash Fund from available records, which OAP agrees are incomplete. OAP said that not all cash collections were recorded. We could not determine the amount of unrecorded sales. Available records showed that OAP received funds totaling \$20,935 during fiscal year 1974 and accounted for \$20,559 (expenditures and cash on hand).

About \$5,000 of the proceeds from the fund were used for such purposes as supplementing appropriated funds, coffee mess, staff luncheons, and buffets. The Attending Physician discontinued using the fund for these purposes in September 1974.

Section 487 of title 31 U.S.C. in part requires that amounts received from sales be deposited in the Treasury as miscellaneous receipts and cannot be applied to any other purpose or credited to the office's appropriation account without specific statutory authorization.

All cash received by OAP through the sale of drugs should be transferred to the Treasury and not used as a petty cash fund.

Internal control

In reviewing the internal controls over the petty cash fund, we found that large cash balances accumulated in the fund, that the fund frequently was used to cash OAP staff employee checks, and that three individuals collected cash for drug sales.

These practices violate proper internal control procedures over cash. All payments to a vendor should be made by check. Personal checks should not be cashed, and the collection of cash should be limited to one individual who is not responsible for ordering or delivery of drugs. The Attending Physician said appropriate action would be taken to improve internal controls over cash;

he concurred with the idea of the establishment of a revolving fund in the Treasury.

Such changes by OAP should further strengthen OAP's internal controls over cash collection.

Appropriated funds

The Legislative Branch Appropriation Act, 1974, Public Law 93-145, provided \$97,700 in funds for medicine, medical supplies, equipment, and contingent expenses for OAP for fiscal year 1974.

The Administrative Assistant maintained a record of expenditures for fiscal year 1974 and about twice a year confirmed the balances by telephone with the House Finance Office. However, no formal reconciliation was made nor did the expenditure records show the complete purpose for which the appropriated funds were expended. Our analysis of OAP expenditures follows.

<u>Expense</u>	<u>Amount</u>
Allowances to Employees	\$30,449.90
Medical Supplies--Government	21,521.31
Pharmaceuticals	18,465.11
Medical Supplies--Non-Government	9,396.63
Medical Equipment	9,090.44
Repairs and Maintenance--Medical Equipment	2,611.60
Miscellaneous	1,895.19
Reimbursables--Travel, Meetings, etc.	1,309.84
Medical Literature	1,097.38
Reimbursables--Administrative Assistant	922 93
	<u>922 93</u>
Total	<u>\$96,760.33</u>

The OAP's Administrative Assistant said that the remainder of the unexpended balance has been obligated and will be expended. In cooperation with OAP's Administrative Assistant, the procedures used to account for appropriated funds have been revised to provide for periodic reconciliations and analyses of expenditures

The changes which have been made will provide for the proper accounting of appropriated funds and will give OAP pertinent information to be used in the budget and appropriation process.

Conclusions

We believe that OAP should review the rates for vaccines and make appropriate revisions.

The accounting system and cash controls implemented by us, in response to, and in cooperation with, OAP staff should help strengthen OAP's financial and accounting controls. These controls however could and should be further strengthened. Good internal control over cash requires separation of the functions of collecting for and dispensing drugs. A revolving fund in the Treasury should be established to take care of the deposit and payment of all receipts from the petty cash fund, to eliminate the payment for drugs in cash, and to provide for the orderly return of excess receipts to the Treasury. A formal petty cash fund should be established and used only for small local purchases and for such other minor expenses that are incurred by OAP in carrying out its operations. The petty cash fund should not be used for the purpose of cashing personal staff member checks.

Recommendations

We recommend that the Attending Physician:

- Review the current rate structure being charged for vaccines and revise the rates as necessary.
- Establish a procedure to separate duties of collecting for and dispensing drugs purchased for Members' families and staffs.
- Establish a formal petty cash fund under the procedure established by the Committee on House Administration with controls for use by OAP in carrying out its daily operation.

Agency comments

On December 10, 1974, we discussed our recommendations with the Administrative Assistant who said that actions were being taken to implement them.

Matter for consideration
by the Subcommittee

We recommend that the Subcommittee sponsor legislation to establish a revolving fund in the Treasury for OAP to use in carrying out its program of selling drugs to Members' families and staff. The Subcommittee may want to consider making the revolving fund subject to audit at its discretion.

PHARMACY OPERATIONS

During fiscal year 1974, OAP's pharmacy filled about 14,200 prescriptions. About half of these prescriptions were for Members.

We evaluated OAP's system of ordering and controlling drugs and OAP's compliance with the Controlled Substances Act of 1970, 21 U.S.C. 801, et seq., but did not inspect the prescription files for narcotics and controlled substances.

At the time of our review, OAP did not have an adequate system to control the ordering of drugs or medical supplies and OAP was not following prescribed requirements of writing, numbering, and filing prescriptions.

Ordering and control of
prescription drugs

The Administrative Assistant of OAP is responsible for the operation of the pharmacy. The Attending Physician and Administrative Assistant said that OAP is a Navy operation and it is operating a Navy outpatient pharmacy. The Administrative Assistant said, however, that OAP is a unique operation and that it provides some services that would not normally be provided by a Navy pharmacy.

OAP tries to maintain a 1-month supply of drugs and medical supplies, but OAP has not determined a minimum stocking level and does not keep records to assist in ordering or controlling drugs and medical supplies.

One of the overall objectives of good inventory management is to insure that needed materials of adequate quality will be available when needed. Although its operation is relatively small, OAP should develop a good inventory management system to provide adequate controls to

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assist OAP in ordering and controlling drugs and medical supplies.

A Navy corpsman said that OAP's pharmacy does not record and file prescriptions in the same manner normally found in naval pharmacies. Naval regulations (BUMED Instructions 6710, 51A, February 24, 1970) require that the prescription form be annotated to state the name of the manufacturer and the lot or control number, or other appropriate code, of the drug dispensed. Furthermore, BUMED Instruction 6710.53, September 23, 1969, requires that, unless the physician otherwise directs, the label on the prescription shall state, among other things, the "date of the last refill or date of original fill plus date of refill."

OAP's normal operating procedures in filling and filing a prescription do not comply with normal Navy procedures. Prescriptions are not written, assigned a prescription number, and filed, for recipients of non-controlled drugs. Instead, the pharmacy maintains an index card for these recipients. The general prescription filling and filing procedure for non-controlled drugs is that a prescription, or an order to resupply a drug previously furnished, is phoned to the pharmacy. Personnel on duty in the pharmacy will then fill the order and type on the recipient's index card the name, strength, amount, and date furnished for the drug.

Since OAP considers the office to be a naval operation, we believe it should follow those standards set forth by Navy regulations.

Compliance with the Controlled Substances Act of 1970

Under the Controlled Substances Act of 1970, 21 U.S.C. 801, et seq., every person who manufactures, distributes, or dispenses any controlled substance is required to register with the Attorney General and to act in accordance with the rules and regulations promulgated by him (21 U.S.C. 822) The regulations define "person" as any individual, corporation, government or governmental subdivision or agency, business trust, partnership, association, or other legal entity.

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The Attending Physician is registered accordingly with the Attorney General. The individual manning the pharmacy, as an agent of the Attending Physician and as a Navy corpsman, is exempt from the requirement of registration.

Section 1306.06 of 21 C.F.R. provides that a prescription for controlled substances may be filled only by a pharmacist, defined as a State-licensed pharmacist or other person authorized by a statute to dispense controlled substances under the supervision of a pharmacist licensed by such State. The Navy corpsman in charge of the pharmacy in OAP is not a licensed pharmacist, nor is he supervised by a licensed pharmacist. We know of no law specifically authorizing such an individual to dispense dangerous drugs.

We were advised by the Administrative Assistant that a pharmacist was not required because the pharmacy was under the direct supervision of the Attending Physician. The Code of Federal Regulations provides for such a practice only when the doctor involved is aware of the dispensing and in fact has directly given oral instructions that the drug be dispensed. We were advised by OAP staff that controlled drugs were sometimes dispensed without direct orders from the Attending Physician or doctors.

Section 1306.05(a) of 21 C.F.R. requires that all prescriptions for controlled substances are required to be dated as of and signed on the day issued. The regulations further stipulate that a pharmacist may dispense a controlled substance listed in Schedule II "only pursuant to a written prescription signed by the prescribing individual" except in the case of an emergency situation. An "emergency situation" is defined, by 21 C.F.R. 1.110, as that situation where all of the following conditions are found to exist:

- "(a) That immediate administration of the controlled substance is necessary, for proper treatment of the intended ultimate user; and
- (b) That no appropriate alternative treatment is available, including administration of a drug which is not a controlled substance under Schedule II of the Act, and (c) That it is not reasonably possible for the prescribing practitioner to provide a written prescription to be presented to the person

dispensing the substance, prior to the dispensing."

Section 1306.11(d) of 21 C.F.R. provides that, in the case of an emergency situation, the pharmacist is required to reduce the prescription to writing immediately (except for the signature of the prescribing physician) and may dispense only that quantity "adequate to treat the patient during the emergency period." The signed prescription must be delivered to the pharmacist within 72 hours after authorizing the emergency oral prescription.

We have been advised that, as a routine matter, prescriptions for all controlled substances including those on Schedule II are not issued and signed until the day following the date on which the drug was dispensed. The pharmacy fills telephoned-in prescriptions for controlled drugs and subsequently reduces the order to writing. The prescription is signed by the physician the following morning. This kind of procedure is permitted only in emergency situations. We have no information whether the prescriptions for Schedule II drugs filled on oral instructions were emergencies. We were informed, however, that the quantity of Schedule II drugs dispensed on oral instructions at times may have exceeded what could reasonably be considered adequate for the emergency period.

We believe OAP should revise its procedure to comply with the requirements of the Controlled Substances Act. The Administrative Assistant stated that actions had been initiated to attempt to comply with the regulations.

Dangerous drug inventory

The Navy Manual of the Medical Department requires that

"* * * irreconcilable differences between physical inventory findings of narcotics and the narcotic inventory records shall be reported immediately to BUMED through official channels. Simultaneously, a copy of the report shall be supplied to the nearest field representative of Naval Intelligence for transmittal to the Supervisor of the

nearest U.S. Treasury Bureau of Narcotics,
District Office * * *."

Non-narcotic control drugs are incorporated in this reporting requirement.

In September 1974 a naval pharmacy officer visited the pharmacy to review the adequacy of the inventory control and recordkeeping practices for controlled items. As a result of his visit, pharmacy personnel developed new inventory records, including a number of drug items not previously listed. The new inventory records were based on an actual count. In a substantial number of instances the quantity of drugs on hand differed from that shown in the inventory records. We were told that these differences had not been reported to BUMED because it had been assumed over the years that the reporting requirements did not apply to OAP; however, the new inventory record has been provided to the Attending Physician for his consideration.

Conclusions

To provide for good inventory management, OAP should develop a system to provide adequate control of ordering and controlling drugs and medical supplies.

Since Federal law requires that certain drugs can only be issued by a prescription and Navy regulations require that prescriptions be written, OAP should modify its current procedures to comply with Navy regulations regarding the filling and filing of prescriptions.

The Controlled Substances Act of 1970 requires that Schedule II drugs should not be dispensed without a prescription unless an emergency case exists. Discrepancies between OAP's actual inventory and inventory records should be reported. OAP should modify its procedures to comply with the law and applicable Navy regulations concerning the accounting for, filling, and filing of prescriptions for controlled substances.

Recommendations

We recommend that OAP:

- Establish an inventory management system which would provide adequate controls and assist with the ordering and controlling of drugs and medical supplies.

- Revise its procedures for the filling and filing of prescription drugs to comply with Navy regulations.
- Revise procedures over controlled drugs so that the procedures comply with the requirement of the Controlled Substances Act of 1970 and related Navy regulations.

Agency comments

On December 10, 1974, the Administrative Assistant told us that OAP's procedures for operating the pharmacy were developed as a convenience to the Members and were not intended to circumvent regulations. He also said that, because of the uniqueness of OAP's operations, it had been assumed over the years that OAP was exempt from normal Navy reporting requirements.

The Administrative Assistant agreed that better controls were desirable and said that they were considering ways to implement our recommendations.

PURCHASE AND USE OF EQUIPMENT

Available OAP records showed that medical equipment purchases by OAP since fiscal year 1962 totaled about \$137,800 and by the Senate and House of Representatives totaled about \$12,900.

An evaluation of OAP's purchase orders for equipment as well as other purchases disclosed deficiencies in the procedures for acquiring equipment. For example:

- Purchase orders were not prenumbered for control purposes.
- Vendors' names were not always shown.
- Descriptions of the items purchased were sometimes incomplete and the purchase order as a general rule did not contain an estimated value of the purchases.
- Purchase orders did not show the receipt of ordered items.

By issuing an accurate and complete purchase order for all purchases, OAP could improve its control over

procurement of equipment and services. The Attending Physician recognized the need for corrective action in OAP's procurement procedures and said he would make appropriate changes.

OAP did not have a complete inventory record of its medical equipment. The Administrative Assistant gave us a partial list of equipment purchased by both Houses for OAP. However, it was necessary to review individual purchase invoices, vouchers, and the reports of the Clerk and Secretary to identify the medical equipment purchased for OAP. In compiling the list we included items costing \$25 or more and being of a relatively permanent nature.

During our inventory of OAP property, we were unable to locate about \$2,500 worth of equipment.

<u>Date purchased</u>	<u>Item</u>	<u>Cost</u>
Feb. 1962	Air compressor	\$ 61.95
May 1962	Laboratory voltmeter	153.72
June 1962	Electrophoresis apparatus	476.30
Sept. 1962	Resuscitator	327.70
June 1963	Copymaker	471.39
Oct. 1964	Dental cuspidor	130.00
Apr. 1968	Chart	37.95
Sept. 1968	Water bath	325.00
Dec. 1967	Wall cabinet	169.50
June 1971	Muscle matic kit	118.25
May 1968	Vibrator	33.10
Oct. 1967	Training manikin	<u>179.00</u>
Total		<u>\$2,483.86</u>

Although there were no records on transfers or other dispositions of these items, OAP said it believed most of them were transferred to the George W. Calver Memorial Electrophoresis Laboratory during the 1960s.

During our inventory of OAP property, we were unable to locate one of the two EKG mouners purchased by OAP. OAP personnel told us that the missing mouner was broken. Subsequently, OAP located a second EKG mouner.

Some equipment was broken and no longer of use, some equipment being used by OAP was on loan from the Navy. The remainder of the equipment was being used by OAP in carrying out its operations.

Equipment in OAP should be placed under proper inventory control, all equipment loans should be documented, and unusable equipment should be properly discarded.

We discussed the inventory problems with the Attending Physician, who agreed that improvements were needed. He subsequently requested the assistance of the Clerk of the House in establishing proper inventory control.

Recommendation

We recommend that OAP revise its current purchasing procedures to provide for good internal control over procurement of equipment and to place such equipment under proper inventory control.

Agency comments

On December 10, 1974, the Administrative Assistant stated that our recommendation would be implemented

OTHER MATTERS

In your requests of July 11, 1974, and in discussions with your office, references were made to the friction and low morale in OAP and to rumors about monetary transactions and the use of material and equipment. The following sections comment on those allegations that were brought to our attention by you, which are not discussed in the prior sections of this report.

Dual compensation for employees

Salaries and allowances for OAP employees were discussed in a prior section of this report. The Navy personnel assigned to OAP are authorized special allowances to compensate them for wearing civilian clothes, to compete with civilian living costs, and to pay for overtime work for which they are not otherwise compensated.

Four of the male nurses and the Administrative Assistant are retired from the Navy. Of these, only the Administrative Assistant was an officer and therefore subject to the provisions of the dual compensation law limiting retirement pay to retired officers employed full time in a civilian Government position (5 U.S.C. 5532). The law provides that exceptions from reduction in retired pay may be granted upon determination by the Civil Service Commission under the

direction of the President with respect to executive agencies, by the President of the Senate with respect to the Senate, by the Speaker of the House with respect to the House, and by the Architect of the Capitol with respect to the Office of the Architect of the Capitol. The law provides that the exceptions are warranted because of special or emergency employment needs which otherwise cannot be readily met.

On December 31, 1970, the Speaker of the House determined that the employment of a technical assistant in OAP warranted an exception to the limitations of 5 U.S.C. 5532(b) because the need could not otherwise be readily met.

Harassment of female nurses
by male nurses

The Attending Physician was aware of allegations of harassment of female nurses by male nurses but said that he could not obtain any details other than claims of derogatory remarks about age or weight. He had discussed the matter with a number of staff members, male and female, and indicated he would continue to try to resolve any problems which exist.

Use of equipment and supplies
for private business

An allegation was made that the Administrative Assistant was operating a private business from his residence using Government equipment and supplies.

The Attending Physician said that he and the Administrative Assistant were directors of a corporation--Mini Cardiogram, Inc.--and his activities with it were limited to off-hours service. He said that they had invested about \$4,000 in the business and only had sales of about \$1,000. He told us that, to the best of his knowledge, none of the facilities of OAP had been used in that business. The Administrative Assistant told us that no Government equipment or supplies had been used in the business.

A stated purpose of the corporation is to manufacture, assemble, and composite health histories, medical problems, patient profiles, and data of various formats into a miniaturized record.

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Favoritism in the use of
medical facilities

Allegations of favoritism in providing medical services apparently stem from the lack of specific OAP guidelines as to who receives what services.

The Attending Physician told us that, in accordance with the way things were done in the Capitol, senior Members and their families received special attention. He did not believe that guidelines for the staff were necessary but said that he would consider the matter.

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We discussed the matters in this report with the Attending Physician and the Administrative Assistant and their comments are included in the applicable sections. Because of other commitments, the Attending Physician said that he would be unable to review the report fully or provide us written comments before January 1975. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General
of the United States

Enclosure

OFFICE OF THE ATTENDING PHYSICIAN
ESTIMATED SOURCE AND APPLICATION OF PETTY CASH FUNDS
FISCAL YEAR 1974 (note a)

FUNDS APPLIED

Payment of Merchandise Purchased from District Wholesale Drug Corporation Drugstore Account	\$13,654 84
Payment of Merchandise Purchased from District Wholesale Drug Corporation Office Account	2,088 22
Payment of Reimbursable Expenditures	922 93
Payment of Non-reimbursable Expenditures as follows	
Coffee Mess	\$ 948 95
Luncheons & Buffets	185 71
Staff Luncheon	357 99
Magazines	42 58
Staff Directories	90 30
Other	366 21
	1,991 74
Cash on Hand	
Petty cash	205 40
Pharmacy (note b)	896 07
	1,101 47
Total	\$20,559 20

FUNDS PROVIDED

Cash on Hand--Petty Cash (note c)	\$ 205 40
Income from the Pharmacy Sales	
Sale of Merchandise Purchased from District Wholesale Drug Corporation	14,550 91
Income derived from 2% Discount on Invoices Paid to District Wholesale Drug Corporation	296 37
Income derived from Surcharge (Rounding up to the nearest nickel)	37 07
	14,884 35
Income from Vaccine Programs	
Gamma Globulin Program	800 00
Polio Program	76 50
Influenza Program	1,133 50
	2,010 00
Reimbursable Income from Appropriated Funds for Reimbursable Items	837 25
Income from drugs sold off the shelf and recorded	2,998 40
Total (note d)	20 935 40
Unaccounted for funds (note d)	\$ 376 20

a/OAP does not prepare financial statements in an attempt to reconstruct cash flow. The above schedule was prepared from available records.

b/Does not include \$25 pharmacy change fund. Unable to verify its existence as of June 30, 1974.

c/We were advised that the petty cash balance as of July 1, 1973, was approximately the same as of July 1, 1974. Appropriate accounting records were not maintained.

d/This figure does not include income from drugs sold off the shelf and not recorded. We were advised that not all sales were recorded, but were unable to determine the extent of such sales.